

**MINUTES OF THE
TAX REFORM TASK FORCE PUBLIC HEARING**

Thursday, October 27, 2005 – 6:00 p.m. – County Commission Chambers, St. George, UT

Members Present:

Sen. Curtis S. Bramble, Senate Chair
Rep. Wayne A. Harper, House Chair
Sen. Howard A. Stephenson
Sen. Mike Dmitrich
Rep. Ralph Becker
Rep. John Dougall
Rep. Gregory H. Hughes
Rep. Todd E. Kiser
Rep. Merlynn T. Newbold
Rep. Stephen H. Urquhart
Comm. Pam R. Hendrickson

Members Absent:

Pres. John L. Valentine
Rep. Rosalind J. McGee
Rep. Gordon E. Snow
Mr. Neil H. Ashdown

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Ms. Angela D. Oakes, Associate General Counsel
Mr. Leif Elder, Research Assistant

Note: A list of others present, copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Welcome and Introduction

Chair Harper called the meeting to order at 6:05 p.m.

Task Force members introduced themselves.

2. Review of Task Force Recommendations -- Sen. Curtis S. Bramble, Senate Chair and Rep. Wayne A. Harper, House Chair

Chair Bramble and Chair Harper reviewed the task force recommendations.

3. Public Comment on Task Force Recommendations

Mr. Gerard Mager, citizen, spoke against proposal 1D. He said that he wanted to know if he would pay more or less in individual income taxes under each proposal.

Mr. Matthew Brower, City Manager, Santa Clara, spoke in favor of imposing a sales tax on services, examining limitations on the property tax, and diversifying city revenues. He said that the public has a low tolerance level for property taxes and this is why there are homestead exemptions and truth in taxation laws.

Mr. Eric Devita, citizen, said the tax burden in Utah is increasing. He spoke against an indexed property tax and spoke in favor of reducing the size of government. He said that Utah is ranked low in states that attract wealth. He said that costs associated with new growth should be paid for by new residents and not current residents. He said that the state should grow businesses and find ways to create wealth.

Ms. Alice Holmes, citizen, asked how the new growth in public education students will be funded. She expressed concern about the proposal to fund schools using sales and use tax revenue and to reduce reliance on the property tax. She also expressed concern regarding exempting sales of business inputs.

Mr. Jim Eardley, Washington County Commissioner, expressed opposition to eliminating the local option sales and use tax. He said that his county now collects \$4.2 million in local option sales and use tax revenue and that it would require a 110 percent increase in property taxes to replace this revenue.

Mr. Brent Low, The Spectrum, spoke in favor of retaining the sales and use tax exemption for newspapers. He said newspapers have been exempt to bring information to the public's attention.

Ms. Georgia Barker, citizen, spoke in opposition to imposing the sales and use tax on sales of newspapers. She spoke against linking a tax to the rate of inflation and against rental homes receiving the 45 percent primary residential exemption. She said that property tax should benefit those who live in the homes that they own. She said that the sales and use tax on food should be gradually eliminated and that the Legislature should not punish local government officials.

Mr. Bruce Vander Werff, Mayor of Springdale, said that his city would need to increase its property tax to recover revenue from the current one percent local option sales and use tax. He said that while his town has a population of 450 that it provides services to more than three million visitors each year.

Mr. Arthur Partridge, Washington County Commissioner, spoke against exempting business personal property from the property tax. He said that while small businesses should have a certain portion of personal property exempt from the tax, a complete elimination would result in a large shift to homeowners. He said that Utah property taxes are low when compared to other states.

Mr. Forrest Foncesbeck, citizen, said he has been a public educator for the past 40 years. He said there should be better ways to fund education. He said teachers need a higher salary and smaller classes. He said that the Task Force should balance the ability to pay with benefits from services.

Mr. Gary Esplin, City of St. George, said he endorses the recommendations of the Utah League of Cities and Towns. He thanked the Legislature for the funding that it provided to pay for flood related damage. He said that St. George is a regional commercial shopping center and that state government would have lost \$12 million in sales and use tax revenue last year if St. George had not hosted special events such as the marathon, soft ball tournaments, and the Senior World Games. He said that if there is no local option sales and use tax that there would be no incentive to host these and other special events. He said that community celebrations would be reduced if the local option sales and use tax were eliminated.

Ms. Suzanne Allen, St. George City Council, said that losing the local option sales and use tax means that those who come from outside St. George to work will no longer help pay for city services.

Mr. Dan McArthur, Mayor of St. George, said that he supports the continuation of the local option sales and use tax. He said that sales and use tax revenue grows faster than does property tax revenue.

4. Adjourn

Chair Harper adjourned the meeting at 8:30 p.m.